

13-14-101. Title -- Legislative purpose.

(1) This chapter shall be cited as the "New Automobile Franchise Act."

(2) The Legislature finds that:

(a) The distribution and sales of new motor vehicles through franchise arrangements in the state vitally affects the general economy of the state, the public interest, and the public welfare. A substantial inequality of bargaining power between motor vehicle franchisors and motor vehicle franchisees enables a franchisor:

(i) to compel a franchisee to execute agreements that contain terms and conditions that a franchisee generally would not be agreed to absent the compulsion and duress that arise out of the inequality of bargaining power; and

(ii) in some cases to terminate a franchise without good cause, or to force a franchisee out of business by the use of unfair practices.

(b) Termination of franchises, without good cause or by unfair means:

(i) diminishes competition and, as a result, leads to higher retail prices and fewer purchase options;

(ii) adversely affects communities that depend on a franchisee to make available motor vehicles for sale or lease and to provide warranty work and other services related to vehicles; and

(iii) undercuts expectations of consumers concerning the availability of future services including warranty work from the franchisee.

(c) To promote the public welfare and in the exercise of the state's police powers, it is necessary to establish statutory guidelines regulating the relationship between franchisors and franchisees in the motor vehicle industry.

Enacted by Chapter 277, 1996 General Session